

## Minerals Management Service, Interior

## § 203.68

relief is complete. If your application is incomplete, we will explain in writing what it needs. If you withdraw a complete application, you may re-apply.

(b) We will evaluate your first application on a field within 180 days, evaluate your first application on a develop-

ment project or an expansion project within 150 days and evaluate a redetermination under §203.75 within 120 days after we determine that it is complete.

(c) We may ask to extend the review period for your application under the conditions in the following table.

If—	Then we may—
We need more records to audit sunk costs .....	Ask to extend the 120-day or 180-day evaluation period. The extension we request will equal the number of days between when you receive our request for records and the day we receive the records.
We cannot evaluate your application for a valid reason, such as missing vital information or inconsistent or inconclusive supporting data.	Add another 30 days. We may add more than 30 days, but only if you agree.
We need more data, explanations, or revision .....	Ask to extend the 120-day or 180-day evaluation period. The extension we request will equal the number of days between when you receive our request and the day we receive the information.

(d) We may change your assumptions under §203.62 if our technical evaluation reveals others that are more appropriate. We may consult with you before a final decision and will explain any changes.

(e) We will notify all designated lease operators within a field when royalty relief is granted.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1875, Jan. 15, 2002]

### § 203.66 What happens if MMS does not act in the time allowed?

If we do not act within the timeframes established under §203.65, you get royalty relief according to the following table.

If you apply for royalty relief for	And we do not decide within the time specified	As long as you
(a) An authorized field .....	You get the minimum suspension volumes specified in §203.69.	Abide by §§203.70 and 203.76.
(b) An expansion project .....	You get a royalty suspension for the first year of production.	Abide by §§203.70 and 203.76.
(c) A development project .....	You get a royalty suspension for initial production for the number of months that a decision is delayed beyond the stipulated timeframes set by §203.65, plus all the royalty suspension volume for which you qualify.	Abide by §§203.70 and 203.76.

[67 FR 1875, Jan. 15, 2002]

### § 203.67 What economic criteria must I meet to get royalty relief on an authorized field or project?

We will not approve applications if we determine that royalty relief cannot make the field, development project, or expansion project economically viable. Your field or project must be uneconomic while you are paying

royalties and must become economic with royalty relief.

[67 FR 1876, Jan. 15, 2002]

### § 203.68 What pre-application costs will MMS consider in determining economic viability?

(a) We will not consider ineligible costs as set forth in §203.89(h) in determining economic viability for purposes of royalty relief.

(b) We will consider sunk costs according to the following table.

We will	When determining
(1) Include sunk costs .....	Whether a field that includes a pre-Act lease which has not produced, other than test production, before the application or redetermination submission date needs relief to become economic.
(2) Not include sunk costs .....	Whether an authorized field, a development project, or an expansion project can become economic with full relief (see § 203.67).
(3) Not include sunk costs .....	How much suspension volume is necessary to make the field, a development project, or an expansion project economic (see § 203.69(c)).
(4) Include sunk costs for the project discovery well on each lease.	Whether a development project or an expansion project needs relief to become economic.

[63 FR 2618, Jan. 16, 1998, as amended at 67 FR 1876, Jan. 15, 2002]

**§ 203.69 If my application is approved, what royalty relief will I receive?**

If we approve your application, subject to certain conditions, we will not collect royalties on a specified suspension volume for your field, development project, or expansion project. Suspension volumes include volumes allocated to a lease under an approved unit agreement, but exclude any volumes of production that are not normally royalty-bearing under the lease or the regulations of this chapter (e.g., fuel gas).

(a) For authorized fields, the minimum royalty-suspension volumes are:

(1) 17.5 million barrels of oil equivalent (MMBOE) for fields in 200 to 400 meters of water;

(2) 52.5 MMBOE for fields in 400 to 800 meters of water; and

(3) 87.5 MMBOE for fields in more than 800 meters of water.

(b) For development projects, any relief we grant applies only to project wells and replaces the royalty suspension volume with which we issued your lease. If your project is economic given the royalty suspension volume with which we issued your lease, we will reject the application. Otherwise, the *minimum* royalty suspension volumes are as shown in the following table:

For	The minimum royalty suspension volume is	Plus
(1) RS leases .....	A volume equal to the combined royalty suspension volumes (or the volume equivalent based on the data in your approved application for other forms of royalty suspension) with which we issued the leases participating in the application that have or plan a well into a reservoir identified in the application.	10 percent of the median of the distribution of known recoverable resources upon which we based approval of your application from all reservoirs included in the project.
(2) Other deep water leases issued in sales after November 28, 2000.	A volume equal to 10 percent of the median of the distribution of known recoverable resources upon which we based approval of your application from all reservoirs included in the project.	

(c) If your application includes pre-Act or eligible leases in different categories of water depth, we apply the minimum royalty suspension volume for the deepest such lease then assigned to the field. We base the water depth and makeup of a field on the water-depth delineations in the “Lease Terms and Economic Conditions” map and the “Field Names Master List” documents and updates in effect at the time your application is deemed com-

plete. These publications are available from the MMS Regional Office for the GOM.

(d) You will get a royalty suspension volume above the minimum if we determine that you need more to make the field or development project economic.

(e) For expansion projects, the minimum royalty suspension volume equals 10 percent of the median of the